

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6120

Tariff filing of Central Vermont Public Service )  
Corporation requesting a 12.9% rate increase, to )  
take effect July 27, 1998 )

Docket No. 6460

Tariff filing of Central Vermont Public Service )  
Corporation requesting a 7.6% rate increase, to )  
take effect December 24, 2000 )

PREFILED REBUTTAL TESTIMONY OF  
DEENA L. FRANKEL  
ON BEHALF OF THE  
VERMONT DEPARTMENT OF PUBLIC SERVICE

March 9, 2001

Summary: The purpose of Ms. Frankel's testimony is to recommend the imposition of service quality and reliability performance, monitoring and reporting requirements governing service provided by Central Vermont Public Service Corporation, as well as to recommend remedies for certain consumer protection matters.

Prefiled Rebuttal Testimony  
of  
Deena L. Frankel

1 Q. Please state your name and occupation.

2 A. My name is Deena L. Frankel, and I am the Director of Consumer Affairs & Public  
3 Information for the Vermont Department of Public Service ("DPS").  
4

5 Q. Please state your educational background and professional experience.

6 A. I attended Florida State University, majoring in mass communications. I am currently  
7 enrolled in a Master of Arts program at the McGregor School of Antioch University and will  
8 receive my MA in Conflict Resolution in September, 2001. Prior to coming to Vermont in  
9 1994, I worked for 17 years in Florida and Connecticut at the state and local levels in the fields  
10 of consumer and disabilities research and advocacy, organizational development and marketing.  
11 Between 1994 and 1997, I owned and operated an organizational development consulting firm  
12 based in Montpelier. I have over twenty years of management experience, including grants  
13 management, contract supervision and administration in both large and small organizations.  
14 From 1996 to 2000, I also served as an adjunct faculty member of the Woodbury College  
15 Mediation and Conflict Management Certificate Program.  
16

17 Q. What are your responsibilities in your current position?

18 A. I am responsible for administering the Department's Consumer Affairs & Public  
19 Information Division ("CAPI"). CAPI is responsible for resolving consumer complaints against  
20 regulated utilities and cable companies, advocating for policies which protect consumer interests  
21 and educating consumers about utility issues so they can more effectively advocate for  
22 themselves. I supervise a staff of four consumer advocates, represent the Department in policy,

1 legislative and public information initiatives related to consumer issues, and carry out DPS's  
2 administrative responsibilities with respect to Vermont's Universal Services Fund.

3 Q. What is the purpose of your testimony?

4 A. The purpose of my testimony is to recommend service quality performance, monitoring  
5 and reporting requirements the Public Service Board ("Board" or "PSB") should impose on  
6 Central Vermont Public Service Corporation ("CVPS") in this docket. I also address a number  
7 of consumer protection issues that arise from consumer complaints concerning the company.

8 **SERVICE QUALITY & RELIABILITY PLAN**

9 Q. What service quality performance monitoring and reporting requirements do you recommend  
10 be imposed upon CVPS by the Board?

11 A. I recommend that the Board impose a Service Quality and Reliability Plan ("SQRP")  
12 similar to the one approved by the Board in Docket 6107 for Green Mountain Power. The plan  
13 DPS recommends is attached to this testimony as Exhibit DPS-DLF-1.

14 Q. Why should the Board adopt the SQRP proposed by the Department?

15 A. In an environment of financial pressure resulting from increasing costs, the inherent  
16 supposition of a rate request, it is particularly critical to ensure that incentives to cut costs do not  
17 bring about a deterioration in service quality. With an SQRP in place, deterioration will readily  
18 be identified by both the company and the Department, and remedial measures will be  
19 undertaken.

20 The NARUC-sponsored report, *Performance Based Regulation in a Restructured*

1       *Electric Industry*<sup>1</sup>, recognizes the link between incentives for cost cutting and service quality  
2       decline. They state, “[u]nfettered incentives to reduce costs could result in unacceptable  
3       declines in service quality. In the United Kingdom prices have fallen since the advent of  
4       competition in the generation business, but complaints about quality have risen.” (P. 37.)  
5       Although this analysis was designed to address the question of performance-based regulation in  
6       the move to retail competition, its conclusions remain valid in any environment where incentives  
7       exist to cut costs. Whether the means of cutting cost is real cuts or false savings from deferral of  
8       maintenance or reductions in necessary service personnel, the public interest demands quick  
9       and effective means to spot and remediate service quality deterioration, and, better yet, to  
10      create financial disincentives to prevent deterioration in the first place.

11             An SQRP serves other purposes as well. Objective measures tend to help companies  
12      recognize their own problems early and make corrections before enforcement of the official  
13      plan is needed to bring about improvement. DPS has seen this phenomenon in response to the  
14      Docket 5903 Service Quality Index in telecommunications. In addition, it is an accepted truth in  
15      management that what gets tracked gets measured, and what gets measured gets fixed. A well-  
16      structured service quality plan ensures company management keeps its sights fixed on those  
17      indices most important to consumers.

18             An SQRP can also build public confidence in the electrical system. To do so, the plan  
19      must be simple, understandable and connected to key service components and customer  
20      satisfaction. Where the public has been concerned about quality or about uncertainty during  
21      times of change, an SQRP allow regulators and the company to provide objective evidence of  
22      stable or improving quality (assuming such quality is maintained).

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<sup>1</sup>Biewald, B., Woolf, T., Bradford, P., Chernick, P., Geller, S., & Oppenheim, J. (11/8/97).  
*Performance-based regulation in a restructured electric industry*. Prepared for the National  
Association of Regulatory Utility Commissioners. Cambridge, MA:Synapse Energy Economics. .

1           A service quality plan can also bring about improvement in service quality where  
2           historical performance suggests a need. By ratcheting up performance standards over time, a  
3           company can gradually improve service in targeted performance areas.

4       Q.     What basis exists in statute for the Board to impose service quality and reliability standards for  
5           an electric utilities?

6       A.     Title 30 V.S.A. § 209 establishes the Board's authority to set service quality and  
7           reliability standards. Paragraph (a)(1) grants jurisdiction over "[t]he . . . quality of any product  
8           furnished or sold by any company" subject to the Board's jurisdiction. This paragraph  
9           establishes the basis for reliability standards, since the regulation of quality requires  
10          measurement and a target level that represents acceptable quality.

11          Paragraph (a)(3) of the same section gives the Board jurisdiction over "[t]he manner of  
12          operating and conducting any business subject to supervision under this chapter, so as to be  
13          reasonable and expedient, and to promote the safety, convenience and accommodation of the  
14          public[.]" This paragraph establishes the basis for service quality standards in order to establish  
15          minimum levels that meet the definition contained in the statutes, and to monitor company  
16          performance in relation to those minimum levels.

17          Title 30 V.S.A. § 219 also defines the obligation of electric utilities (as well as other  
18          regulated companies) to "furnish reasonably adequate service, accommodation and facilities to  
19          the public." It stands to reason that this provision can only have meaning if it is possible to  
20          measure the quality of service in order to know whether a company is meeting its obligations.

21       Q.     What basis exists in past Board orders for service quality and reliability standards?

22       A.     Several Board orders during the past several years have established a basis for service  
23           quality and reliability standards. Most recently, the final order in Docket 6107, *Tariff Filing of*  
24           *Green Mountain Power*, found that the SQRP negotiated by Green Mountain Power and

1 DPS established standards that “will benefit ratepayers, in part by giving GMP’s management  
2 clear objectives on which to focus their attention.” The Board further characterized the SQRP  
3 as “a solid initial service quality and reliability plan” (VPSB Final Order, Docket 6107, 1/23/01,  
4 at 89). Although the GMP plan was reached through negotiation with the company rather than  
5 litigation, the Board’s conclusions reflect the desirability of establishing such plans, and, as I  
6 established above, the Board has the authority to impose service quality and reliability  
7 requirements.

8 The final order in Docket 5854, *Investigation Into the Restructuring of the Electric*  
9 *Utility Industry in Vermont*, repeatedly refers to the need for standards of service quality and  
10 reliability (VPSB Final Order, Docket 5854, 12/30/96, at 36, 37, 88, and 134). Although this  
11 discussion occurs in the context of utility restructuring, its content is clearly relevant to the  
12 monopoly environment in a time of financial pressure. Specifically addressing the integrity of the  
13 transmission and distribution network, the Board concluded it “should set high reliability and  
14 service quality standards, and establish performance-based incentives for their achievement.  
15 Minimum service quality and reliability standards can be set on the basis of recent Vermont  
16 experience, evolving standards in other states, and cost and other relevant data” (Id. at 88).

17 The emphasis in Docket 5854 on reliability and service quality standards for distribution  
18 utilities, moreover, was not restricted to performance-based regulation (“PBR”). At 134, the  
19 Board observed that “regulation of traditional service may best be accomplished through  
20 alternatives to traditional cost-of-service regulation,” but declined to require PBR, instead  
21 encouraging investor-owned utilities to voluntarily propose PBR plans.

22 In addition to Docket 5854, the Board has adopted a number of other service quality  
23 monitoring and minimum performance standards in other industries, demonstrating a trend  
24 toward formalized accountability for service quality. In Docket 5903, the Board modified the  
25 parties’ stipulated generic service quality index that now applies to all telecommunications  
26 providers. The generic index requires monitoring and quarterly reporting in nine performance

1 areas. Although no automatic financial penalties attach to missing annual baselines, service  
2 below the baseline level, by definition, fails to promote the safety, convenience and  
3 accommodation of the public, and therefore, may be subject to financial penalties under 30  
4 V.S.A. § 30(2) or other Board action to correct the deficiency.

5 In Docket 6167, *Investigation into an Alternative Regulation Plan for New*  
6 *England Telephone and Telegraph Company d/b/a Bell Atlantic-Vermont*, the Board  
7 accepted the parties' stipulated agreement to a Service Quality Index as part of an alternative  
8 regulation plan which includes financial penalties for missing baselines standards. In Docket  
9 6101, *Petitions for renewal of certificates of public good held by Mountain Cable*  
10 *Company*, the Board imposed the FCC's customer service standards on Adelphia Cable and  
11 included a requirement for quarterly monitoring and reporting. Recently, the Board adopted  
12 Rule 4.900 requiring the tracking and reporting of electric outage data.

13 Taken together these Board actions reflect a growing emphasis on performance  
14 monitoring and minimum performance standards.

15 Q. What approach to service quality and reliability standards does the recommended SQRP take?

16 A. The SQRP specifies seven performance areas including a total of 18 standards. Of  
17 these 18 standards, baselines are set in the recommended plan for 7, including those in the  
18 areas of customer service call answer time, customer service call abandonment, average days  
19 to completion of a line extension, worker safety and reliability. With respect to the remaining 11  
20 standards, the recommended SQRP requires the company to work together with DPS to set  
21 actual baselines or performance thresholds by August 15, 2001, or to negotiate a longer period  
22 of data collection before baselines are established. If the company and DPS are unable to reach  
23 agreement, the matter will be submitted to the Board for resolution by August 15, 2001.

24 With respect to customer service call handling and line extension completion, CVPS  
25 has adequate historical data to enable the establishment of baselines at this time. In the area of

1 reliability, DPS and the state's electric utilities have been working together for some time to  
2 establish definitions and data collection requirements, culminating in the reporting requirements  
3 established through PSB Rule 4.900.<sup>2</sup>

4 In those areas where baselines are not proposed, several barriers prevent their  
5 establishment without further collaborative work with CVPS. In at least one instance, CVPS  
6 has not been monitoring the measure in question. This is true with respect to calls blocked  
7 (those that reach a busy signal). In other instances, the company currently monitors its  
8 performance using an alternative method, and therefore historical data cannot be used without  
9 further analysis to establish a baseline. This is the case with respect to percent of bills not  
10 rendered monthly, percent of bills found inaccurate, percent of actual meter readings per month,  
11 percent of customer work completed by the promised delivery date, average delay days for  
12 missed delivery date, customer satisfaction following contact with the company, customer  
13 satisfaction following work completion, overall customer satisfaction, and satisfaction with  
14 payment posting.

15 For the reasons just stated, the plan establishes at the outset parameters of what must  
16 be measured, as well as reporting requirements, but provides a deadline for CVPS and the  
17 Department to negotiate the specific baselines. At the end of the negotiation period, the plan  
18 requires CVPS and DPS to come to the Board for approval of the final product or for a ruling  
19 on any baselines where the parties are unable to agree.

20 Q. What aspects of service are covered by the recommended plan?

21 A. The plan recommends one or more performance measures in eight broad areas of  
22 service that have a substantial impact on consumers. They include:

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<sup>2</sup>DPS witness Steve Litkovitz addresses the safety and reliability measures in detail in his testimony.



1. Call answering
2. Billing
3. Meter reading
4. Work completion
5. Customer satisfaction
6. Worker safety
7. Reliability

Q. What standards do you recommend for call answering?

A. I recommend four standards within the broad category of call answer performance. Taken together, these four measures are intended to ensure that improvement in one area cannot result in deterioration in another (e.g., call answer time cannot be improved by reducing the number of calls that can get into the system). They are also designed to measure performance under routine conditions as well as outage situations.

The purpose of the performance area is to ensure consumers are able to reach the company with reasonable ease. Standards combine calls to customer service representatives and outage calls in the same measures due to limitations of the company's telephone system's data capturing capabilities. In this respect, the plan differs from the standards approved for GMP because GMP was able to track outage and customer service calls separately. The method adopted in the recommended plan is reasonable in that consolidated monitoring of outage and customer service calls prevents the drive for strong performance in one area from negatively impacting performance in the other.

The four call answer performance standards (Exhibit DPS-DLF-1, Section IV(1)) include: (a) percent of customers reaching a company representative within 20 seconds during normal business hours; (b) percent of calls abandoned during normal business hours; (c) percent of calls abandoned outside normal business hours; and (d) percent of calls blocked

1 (calls reaching a busy signal).

2 (a) percent of customers reaching a company representative within 20 seconds during  
3 normal business hours: The company already monitors its own call answer performance.  
4 Pursuant to the Memorandum of Understanding between the company and DPS in Docket  
5 6120, *Central Vermont Public Service Corporation Request to Increase Rates*, approved  
6 by the Board on 12/22/99, CVPS measures percent of calls to the call center answered within  
7 20 seconds during normal business hours. Their internal goal is to answer 80 percent in 20  
8 seconds. Performance has fallen short of this standard in each of the past three years, with 62  
9 percent, 63 percent and 66 percent answered in 1998-2000 respectively. Given the existence  
10 of the historical data on call answer performance, DPS recommends the use of a percent  
11 answered in 20 seconds standard, rather than a standard based on 30 second answer  
12 performance, as was adopted for GMP.

13 I recommend that the baseline for this standard be set marginally above the historical  
14 performance level in the first year with a further tightening of the baseline in the second year of  
15 the plan. Specifically, I recommend a first year baseline of 70 percent answered in 20 seconds,  
16 with improvement to 72 percent in the second year. I note, first of all, that the company's  
17 internal goal is 80 percent. Secondly, the 70 and 72 percent service levels still fall somewhat  
18 short of the 75 percent in 20 seconds level required of Verizon in the service quality plan  
19 adopted by the Board in Docket 6167.<sup>3</sup> An additional comparison exists in the Federal cable  
20 customer service regulations, which require cable operators to answer 90 percent of calls in 30  
21 seconds under normal operating conditions (47 C.F.R. §76.309(C)(1)(ii)).

22 Further support for a more stringent standard exists in other states' service quality  
23 indices for electric companies. Specifically, the service quality index adopted by Idaho in the  
24 Scottish Power merger with PacifiCorp requires an initial service level of 80 percent answered

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<sup>3</sup>In Verizon's case, financial penalties attached to failure unlike the recommended CVPS plan.

1 in 30 seconds, ratcheting to 80 percent answered in 20 by January 1, 2001, and 80 percent  
2 answered in 10 seconds by January 1, 2002. More states have used 30 second answer  
3 performance in electric service quality indices (e.g., Pennsylvania, New York), making it  
4 somewhat difficult to compare metrics. However, Pennsylvania's top two utilities performed at  
5 88 and 80 percent of calls answered in 30 seconds respectively in 1999.

6 These examples from other states and other industries would justify an even more  
7 stringent standard than the one I have recommended. The establishment of baselines should be  
8 guided, however, by a balancing among several factors. In this particular instance, the costs for  
9 each percent of improved performance depend upon how much improvement can be achieved  
10 through process adjustments versus the addition of personnel. Because the costs are unknown,  
11 I recommend a modest pace of improvement toward the company's own internal goal and  
12 performance levels of other companies documented above.

13 (b) percent of calls abandoned during normal business hours: This standard measures  
14 the percentage of calls abandoned after reaching the CVPS telephone system, but before  
15 callers utilize options in the interactive voice response system or reach a live operator if that is  
16 their choice. A high abandon rate typically indicates that callers are waiting too long to reach an  
17 operator or that they find a particular voice menu confusing or frustrating. Low abandonment is  
18 an important measure of quality, since no customer service can occur unless consumers are able  
19 to reach the company in a time and manner they find reasonable.

20 The company provided call abandonment data for 1999 and 1998<sup>4</sup> (IR DPS 1-4-B)  
21 showing an abandonment rate of 11 percent and 14 percent respectively. This abandonment  
22 rate is surprisingly high in relation to other service quality indexes and companies. For example,  
23 Green Mountain Power's abandon rate in 2000 was 6.72 percent. The top three distribution

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<sup>4</sup>The company did not provide 2000 abandon data in response to an interrogatory requesting all data since 1998, presumably indicating the data were unavailable.

1 companies under Pennsylvania's electric service quality index had abandon rates of 3, 5 and 6  
2 percent respectively.

3 In light of comparisons to other companies, and the lack of data to show 2000  
4 performance (which I expect to show improvement), I recommend a baseline level of no more  
5 than 5 percent of calls abandoned during normal business hours.

6 (c) Abandon rate: percent of calls abandoned outside normal business hours: This  
7 standard is similar to (b) above, but is intended to capture how effectively the company's  
8 interactive voice response system serves people calling after hours, typically regarding outages.  
9 Because the company has not been tracking this aspect of performance in this way, historical  
10 data on which to set a baseline is not available to me. Therefore, I recommend that the Board  
11 require the company to negotiate with the Department and to submit a baseline to the Board for  
12 approval as part of a final SQRP by August 15, 2001.

13 (d) Blocked calls: percent of customers blocked (reaching a busy signal): This standard  
14 is essential in order to make the call answer performance standards meaningful. Without also  
15 measuring a busy rate, companies could ensure they meet answer performance standards  
16 simply by limiting the number of calls that can get to their telephone equipment, with the balance  
17 of calls reaching a busy signal.

18 The company has indicated it is able to measure the number of calls reaching a busy  
19 signal as a result of all trunks coming into its central switch are fully loaded (IR DPS 1-5(d)).  
20 Because the company has not been tracking this aspect of performance in this way, historical  
21 data on which to set a baseline is not available to me. Therefore, I recommend that the Board  
22 require the company to negotiate with the Department and to submit a baseline to the Board for  
23 approval as part of a final SQRP by August 15, 2001.

24 Q: What standards do you recommend to measure billing performance?

25 A: Billing is a company activity that effects every customer, and is therefore a critical

1 aspect of performance measurement. The proposed plan includes three standard requiring  
2 monitoring and at least a minimum level of performance: (a) percent of bills not rendered  
3 monthly; (b) percent of bills found inaccurate, and (c) satisfaction with payment posting speed.

4 (a) percent of bills not rendered monthly: Consistency and predictability of receiving a  
5 bill is one of the most basic needs of consumers in their relationship with any company. When  
6 companies deviate from this consumer expectation, consumers express strong dissatisfaction,  
7 such as the increase in consumer complaints DPS received when AT&T shifted from monthly  
8 to quarterly billing for certain low usage customers.

9 In this case, the standard I have recommended is meant to assess performance of  
10 CVPS in relation to its policy of monthly billing. Situations that may result in failure to render a  
11 bill monthly include identification by the company that the bill contains a billing error, clerical  
12 error related to account changes, or other circumstances related to the consumer's account.

13 The company has indicated it is able to determine the percent of bills not rendered  
14 monthly. Because the company has not been tracking this aspect of performance in this way,  
15 historical data on which to set a baseline is not available to me. Therefore, I recommend that  
16 the Board require the company to negotiate with the Department and to submit a baseline to the  
17 Board for approval as part of a final SQRP by August 15, 2001.

18 (b) percent of bills found inaccurate: The second aspect of billing performance of  
19 concern to consumers is the accuracy of bills. There are two components of billing accuracy:  
20 meter reading accuracy and the occurrence of other kinds of errors that can result in inaccurate  
21 bills. This standard will measure how often a bill that has been rendered to a customer is found,  
22 either by the company or by the customer, to require adjustment due to inaccuracy for either of  
23 these reasons. I recommend the combining of these two aspects of performance in one  
24 standard for simplicity and because the company indicates it is unable to measure meter reading  
25 accuracy through any other means (IR DPS 1-5-f).

26 Because the company has not been tracking this aspect of performance in this way,

1 historical data on which to set a baseline is not available to me. Therefore, I recommend that  
2 the Board require the company to negotiate with the Department and to submit a baseline to the  
3 Board for approval as part of a final SQRP by August 15, 2001.

4 (c) satisfaction with payment posting speed: This standard concerns the length of time it  
5 takes for the company to credit a consumer's account after a payment has been rendered.  
6 When companies are slow to post payments, a variety of negative consequences arise, from the  
7 confusion caused bills that show an erroneous past due balance, to the possibility of  
8 unwarranted disconnection notices and their attendant fees.

9 This standard is difficult to measure because typically companies do not have effective  
10 automated means of documenting the gap between receipt and posting. Yet this performance  
11 area is an important one to consumers and has been the subject of complaints to DPS from  
12 CVPS customers. Because of the difficulty of measuring the standard through any objective  
13 means, I recommend that performance be monitored using consumer complaints directly to the  
14 company and to DPS as an index. Because the company has not been tracking this aspect of  
15 performance, historical data on which to set a baseline is not available to me. Therefore, I  
16 recommend that the Board require the company to negotiate with the Department and to submit  
17 a baseline to the Board for approval as part of a final SQRP by August 15, 2001.

18 Q: How do you recommend meter reading performance be monitored?

19 A: I recommend that the company be required to measure monthly the ratio of meters read  
20 in relation to those scheduled. Although this aspect of performance tends to vary seasonally,  
21 when compared from year to year it provides a meaningful measure of the how well the  
22 company maintains its meter reading workforce.

23 CVPS has been measuring what percentage of bills are estimated annually. They report  
24 an internal performance measure of 1 percent of bills estimated (IR DPS 1-1 and 1-2) but have  
25 not provided historical performance data. Because of the lack of historical data on which to set

1 a baseline, I recommend that the Board require the company to negotiate with the Department  
2 and to submit a baseline to the Board for approval as part of a final SQRP by August 15,  
3 2001.  
4

5 Q: How do you recommend that work completion be monitored?

6 Work completion concerns the timeliness of line extensions and other customer-  
7 requested work. It does not include outage recovery, since the SQRP's reliability standards  
8 cover this aspect of service by measuring the duration and frequency of outages.

9 I recommend three performance standards concerning work completion: (a) average  
10 days to completion of a line extension from the date the customer is ready; (b) percent of  
11 customer work completed on or before promised delivery date; and (c) average delay days for  
12 missed delivery date. Taken together, these standards capture the two broad categories of  
13 customer-requested work (construction and everything else), and ensure that those jobs that fall  
14 out of the normal sequence are not allowed to languish.

15 (a) average days to completion of a line extension from the date the customer is ready:  
16 The company has an internal performance standard of 30 days on this standard (IR DPS 1-2).  
17 Actual performance was 41 days and 76 days in 2000 and 1999 respectively. The company  
18 has indicated to me, however, that the tracking systems for this measure have only recently  
19 been fully implemented, and that the historical data is not an accurate indication of performance.  
20 Line extensions are an aspect of service that is likely to produce consumer complaints to DPS,  
21 and the relative infrequency of such complaints concerning CVPS supports the company's  
22 contention on this point. In addition, I believe the company's historical data includes "customer  
23 not ready" delays, whereas the standard recommended here would exclude "customer not  
24 ready" situations.

25 For the reasons I have stated, I believe the company's own internal measure of 30 days  
26 is an appropriate baseline. I am recommending, however, that the Board require the company

1 to negotiate with the Department and to submit a baseline to the Board for approval as part of a  
2 final SQRP by August 15, 2001. This will provide an opportunity for DPS to understand fully  
3 the impact of a 30-day baseline.

4 (b) percent of customer work completed on or before promised delivery date: This  
5 standard measures performance on all customer-requested work other than line extensions. It  
6 includes both meter work and line work. The measurement concerns the degree to which the  
7 company fulfills the expectations it establishes with customers for the date work will be  
8 completed. Customers frequently make arrangements for time off from work and appointments  
9 with other service people whose work is dependent upon completion of work by the company  
10 based upon promised appointment or delivery dates. Therefore, this measure, rather than a  
11 measure of average completion interval, best conforms with consumer interests in this case.

12 CVPS reports several internal performance standards relevant to this performance  
13 area. They include: 85 percent of appointments met; 90 percent of meter work completed by  
14 due date; and back office backlog limits of two days (IR DPS 1-2). Historical data on  
15 appointments met show 92 and 61 percent for 2000 and 1999 respectively. Seventy percent of  
16 meter work was completed on time in 1999, with data unavailable for 2000.

17 Since CVPS has not been tracking work completion using the consolidated standard I  
18 have proposed, I recommend the Board require the company to negotiate with the Department  
19 and to submit a baseline to the Board for approval as part of a final SQRP by August 15,  
20 2001.

21 (c) average delay days for missed delivery date: My experience with orders in which  
22 the delivery date has been missed suggests that these are most likely to fall through the cracks  
23 or involve extended periods of delay unless companies closely monitor their subsequent  
24 rescheduling and completion. This may occur because the original delay is the result of the  
25 order having gone astray in the normal process or because the order presents some difficulty  
26 that must be overcome. Because of the special challenge delayed orders can represent, it is



1 appropriate to create a standard that isolates this aspect of performance from the general work  
2 performance data.

3 CVPS has not been monitoring this standard. Therefore, I recommend that the Board  
4 require the company to negotiate with the Department and to submit a baseline to the Board for  
5 approval as part of a final SQRP by August 15, 2001.

6 Q: What customer satisfaction performance measures do you recommend?

7 A: There are certain aspects of a company's performance that cannot be measured through  
8 objective means, either because data systems do not exist to capture relevant information or  
9 because quality is subjective by its nature. In these cases, service quality indices generally use  
10 customer surveys to gauge performance. Although I generally prefer to use objective measures,  
11 customer satisfaction surveying is in widespread use in performance based regulation and  
12 service quality indices established in conjunction with retail choice.<sup>5</sup>

13 It is also true that acceptable levels of customer service are partially a function of  
14 consumer expectations. For example, an individual company's acceptable performance level  
15 may come to be considered substandard if technological or other changes enhance  
16 performance for others in similar industries and the company does not follow suit. Customer  
17 satisfaction surveying helps ensure that service responds to such changing expectations.

18 The plan I have recommended includes three customer satisfaction measures to be  
19 assessed by surveying customers using an independent, third-party contractor. One measure  
20 will be conducted annually, and the other two quarterly.

21 The first customer satisfaction measure in the SQRP is a quarterly assessment following  
22 any customer-initiated contact with the company. This measure is intended to assess the quality

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<sup>5</sup>See for example Pennsylvania Administrative Rules Title 52, §54.154, and Maine Public Service Commission, Docket 92-345, *Central Maine Power Alternative Rate Plan*.

1 of interaction, regardless of the nature of contact, encompassing reports to the company,  
2 requests of the company, inquiries and complaints. The second customer satisfaction measure in  
3 the SQRP is a quarterly assessment following completion of customer-requested work by the  
4 company. Both of these measures require that a representative sample of consumers who have  
5 interacted with the company in the previous quarter be pulled and that a qualified vendor survey  
6 an adequate number of persons from the sample to produce statistically valid results.

7 Currently, CVPS conducts quarterly customer satisfaction surveys. The company has  
8 an internal goal of 68 percent of customers completely satisfied with their last transaction (IR  
9 DPS 1-2 and 7-15-d). Actual results have fallen slightly short of this goal for the past two  
10 years, with 66.0 percent and 67.9 percent completely satisfied in 2000 and 1999 respectively.

11 Dr. Robert McIntyre, Econometrician for DPS, has reviewed the survey methodology  
12 currently being used by the company and has raised a number of questions concerning the  
13 methodology. His concerns include response rates, call back methodology and the ability to  
14 draw conclusions within segments of the population. We have spent some time talking with the  
15 company about these issue, and need to discuss issues further before we will be confident that  
16 survey will reliably measure the recommended standard. Therefore, I recommend that the  
17 Board require the company to negotiate the methodology and baseline with the Department and  
18 to submit the results for approval as part of a final SQRP by August 15, 2001.

19 In addition to the transaction survey, I recommend an overall customer satisfaction  
20 measure be undertaken annually by surveying a representative sample of all CVPS customers;  
21 not just those who have had a specific transaction with the company. The company currently  
22 surveys its customers annually to assess overall satisfaction. In the 2000 study, 31 percent of  
23 participants indicated they are "completely satisfied" with CVPS, as compared with 32 percent  
24 and 30 percent in the prior two years' studies (IR DPS 1-4-g).

25 As in the case of the transaction surveys, Dr. McIntyre has reviewed the survey  
26 methodology currently being used by the company and has raised a number of questions

1 concerning the methodology. I recommend, therefore, that the Board require the company to  
2 negotiate the methodology and baseline with the Department and to submit the results for  
3 approval as part of a final SQRP by August 15, 2001.

4 Q. How are worker safety and reliability addressed in the Department's testimony?

5 A. The substance of these performance areas is addressed by DPS witness Steve Litkovitz  
6 in his testimony.

7 Q. What term do you recommend for the SQRP?

8 A. I recommend a term of two years from the date of approval of a Final Plan by the PSB  
9 (see Section I, Paragraph 2). The Final Plan is considered to be the document negotiated by  
10 DPS and CVPS on or before August 15, 2001. This plan, which will include most of the  
11 baseline measures that cannot yet be determined, must be approved by the Board or standards  
12 imposed by the Board if the Department and the company are unable to agree. The SQRP also  
13 includes the adoption of a successor plan at the end of the two-year term of the initial plan (see  
14 Section I, Paragraph 3).

15 Q. What financial consequences are tied to performance in the SQRP?

16 A. The initial SQRP has no financial consequences. The lack of historical data suggests the  
17 need to monitor performance for a period of time to develop confidence in the baselines. I  
18 recommend, however, that the Board require the company, as embodied in Section I,  
19 Paragraph 3, to negotiate a successor plan at the end of two years that includes financial  
20 penalties. By that time, adequate data will be available to make any necessary adjustments to  
21 the baselines and to establish reasonable financial consequences for failure to meet them. The  
22 language of Paragraph 3 also provides for the possibility of performance incentives to be  
23 included in the successor plan.

1           DPS is currently advocating in the legislature for a statutory amendment allowing for  
2           performance-based regulation (PBR) for electric utilities. If such legislation is enacted, it will be  
3           possible to develop service quality penalties and/or incentives within the context of PBR. If  
4           statutory authority is not available, DPS envisions service quality penalties and/or incentives tied  
5           to the Company's return on equity.

6       Q.       What will happen during the life of the SQRP if monitoring shows the company's service quality  
7           fails to meet the baselines?

8       A.       The SQRP (Section I, Paragraph 4) specifically reserves the right of DPS to use any  
9           other remedies available under law to address substandard performance. The statutory  
10          authority in 30 V.S.A. § 209(a)(1) & (3) clearly establishes the jurisdiction to address service  
11          quality issues. Further, the language of 30 V.S.A. § 30 (a)(2) establishes the Board's authority  
12          to penalize a company for violating 30 V.S.A. § 219, the obligation of utilities to "furnish  
13          reasonably adequate service, accommodation and facilities to the public." Although DPS sees  
14          the first two years of the plan as an opportunity to monitor performance and ensure the integrity  
15          of the baseline measures, if the monitoring were to reveal serious deficiencies, and the company  
16          did not remediate them, penalties are available under the law.

17          In addition to the authority described above, the SQRP includes a provision for  
18          customer service guarantees in the initial two-year period (see Section I, Paragraph 6). To the  
19          maximum extent possible, the company should be required, as reflected in Paragraph 6, to offer  
20          waiver of fees for service not provided on a timely basis, provided that the company is able to  
21          obtain tariff approval for such guarantees. I recommend that the revenue foregone by the  
22          company in such cases be imputed.

23          Most important for ensuring service quality, the SQRP includes a provision for  
24          remediation in the event performance fails to meet baseline standards (see Section III,  
25          Paragraph 4). In any quarter where performance falls more than ten percent below any

1 standard, or where performance does not meet any standard for two consecutive quarters,  
2 CVPS must, within 30 days of the end of the quarter, submit a corrective action plan indicating  
3 how it will remediate the failed standard. This provision, along with the requirement of Section  
4 III, Paragraph 9 that DPS and CVPS meet regularly to discuss service quality issues, are  
5 intended to ensure a continuing focus on achieving a high level of service quality.

6 **CONSUMER PROTECTION ISSUES**

7 Q. Do you have any concerns regarding the application of PSB consumer protection rules by  
8 CVPS?

9 A. Yes, there are several areas where consumer complaints have alerted DPS to practices  
10 of CVPS that appear to be inconsistent with Board Rules.

11 Before I detail those areas, I would like to put the complaints in perspective. CVPS  
12 has done a reasonably effective job in the past several years of controlling the rate of consumer  
13 complaints to DPS. The company has maintained a moderate complaint rate per 1000  
14 customers during the past several years as shown in the following table:

	Number of	Complaints per	Electric utility
<u>Year</u>	<u>Complaints</u>	<u>1000 customers</u>	<u>State average</u>
1995	260	1.9	1.4
1996	217	1.6	1.3
1997	111	0.8	0.8
1998	108	0.8	0.7
1999	221	1.6	1.5

1                                    2000                                    119                                    0.8<sup>6</sup>                                    na

2                                    As shown, CVPS's rates have generally been low for the past several years. In  
3                                    addition, the company established an internal goal of reducing regulatory complaints by 10  
4                                    percent as a part of the Memorandum of Understanding in Docket 6120, *Central Vermont*  
5                                    *Public Service Corporation Request to Increase Rates*, which they appear to have met in  
6                                    2000. Thus, although my concerns about CVPS's application of certain rules is predicated  
7                                    upon consumer complaints, I am not testifying that CVPS has an extensive or widespread  
8                                    problem with its handling of consumer contacts.

9                                    Notwithstanding my testimony above, the facts of a single complaint can reveal through  
10                                    informal investigation how a company applies PSB rules. In this manner, the CAPI division has  
11                                    identified the following concerns regarding CVPS's consumer practices:

- 12                                    • Cases in which the company cannot demonstrate through its records that it has  
13                                    considered the criteria for reasonable repayment plan contained in PSB Rule 3.302 (G)  
14                                    and it appears from the circumstances of the case that the criteria were not applied.  
15                                    (See for example, Exhibit DPS-DLF-2, case numbers 89421, 89427 and 89660.)
- 16                                    • Cases in which the company appears to have misapplied the provisions of PSB 3.302  
17                                    (B) (5) concerning a doctor's note to forestall disconnection. (See for example, Exhibit  
18                                    DPS-DLF-3, case numbers 90397 and 88865).
- 19                                    • Cases led us to discover that the company's tariff is in conflict with PSB Rule 3.302  
20                                    (F), the household rule. (See for example Exhibit DPS-DLF-4, case numbers 88023  
21                                    and 87892.)
- 22                                    • Cases that raise concerns about the manner in which consumers are moved from the

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<sup>6</sup>The 1999 customer base was used to calculate this rate since 2000 annual reports are not yet available to determine 2000 customer base.

1 company's Residential Rate 1 to the General Service Rate 2. (See for example Exhibit  
2 DPS-DLF-5, case numbers 85479 and 87033.)

3 Q. What does PSB Rule 3.302 (G) require?

4 A. Rule 3.300 concerns *Disconnection of residential gas, electric, telephone and*  
5 *water service*. Section 3.302 (G) requires that companies consider "the income and income  
6 schedule of the customer, if offered by the customer, the customer's payment history, the size of  
7 the arrearage and current bill, the amount of time and reason for the outstanding bill and  
8 whether the delinquency was caused by unforeseen circumstances" in establishing a "reasonable  
9 repayment plan."

10 Q. What practices of CVPS implicate PSB Rule 3.302 (G)?

11 A. Consumer complaints continue to indicate that, in some cases, CVPS does not consider  
12 the criteria for reasonableness articulated in the rule. The examples included in Exhibit DPS-  
13 DLF-2 involve consumers who contacted DPS describing circumstances covered by the  
14 reasonableness criteria where reasonableness had apparently not been taken into consideration  
15 by the company.

16 Department witness Christopher Campbell previously raised this issue in Docket 6120  
17 with regard to the company's Integrated Voice Response telephone system. The issue has not  
18 previously been raised in relation to consumers who reach a customer service representative  
19 (CSR).

20 Q. What action should the Board take in relation to CVPS compliance with PSB Rule 3.302 (G)?

21 A. The Board should require the company to comply with the Rule in all cases. As an aid  
22 to CSRs in applying the Rule, and to document compliance, the company should be required to  
23 build into its system for call handling a script for applying the reasonableness criteria and a

1 requirement for documentation of how the script was applied. These records should be retained  
2 for no less than 24 months. In this way, compliance will be assured and, when complaints do  
3 arise, the company will be able to document to DPS the steps that were taken in the case.

4 Q. What do PSB Rule 3.302 (B)(5) and 3.301 (D) require?

5 A. Section 3.301 (D) defines a physician's certificate. It establishes that such certificates  
6 are valid for 30 days to prevent disconnection, and may be renewed once. Further, the section  
7 provides that a certificate is limited to two consecutive 30-day periods and a total of three 30-  
8 day periods in a year.

9 Section 3.302 (B)(5) prohibits disconnection when interruption of service would  
10 "represent an immediate and serious hazard to the health of the ratepayer or a resident within  
11 the ratepayer's household, as set forth in a physician's certificate furnished to the company."  
12 The Rule further provides that oral notice by the consumer that a physician's certificate will be  
13 forthcoming<sup>7</sup> is sufficient to forestall disconnection for seven days.

14 Q. What practices of CVPS implicate PSB Rule 3.302 (B) (5) and 3.301 (D)?

15 A. Consumer complaints indicate that the company sometimes counts the seven-day oral  
16 notice period as the use of a physician's certificate (see Exhibit DPS-DLF-3, case number  
17 90397). Since oral notice by the consumer only forestalls disconnection for seven days, a  
18 disconnection may occur on the next day on which the rules do not otherwise prohibit  
19 disconnection (i.e., the eighth day) if the certificate is not received. Therefore, when a customer  
20 invokes the seven-day oral notice provision, but does not in fact produce the certificate, the  
21 seven-day period may not be counted toward the three 30-day certificates permitted in a year.  
22 The case cited indicates that CVPS does not always adhere to this provision.

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<sup>7</sup>PSB Rule 3.303 (A) (4) makes clear the consumer can provide the oral notice.



1           In addition, it is unclear whether CSRs routinely volunteer information about the  
2           possibility of a physician's certificate when consumers reveal information about medical  
3           conditions in conversations about delinquent accounts.

4       Q.     What action should the Board take in relation to compliance with PSB Rule 3.302?

5       A.     The Board should require the company to comply with the provisions of 3.302 (B) (5)  
6           as outlined above. In addition, the Board should require the company to affirmatively inquire of  
7           every consumer who contacts the company to discuss a delinquent account that is in danger of  
8           disconnection whether any person in the household would suffer an immediate and serious  
9           health hazard if power were disconnected. In the event that the consumer answers affirmatively,  
10          CVPS should be required to inform the consumer of the rights provided under PSB Rule 3.302  
11          (B) (5) and should document that this information has been provided. These records should be  
12          retained for no less than 24 months. As an aid to CSRs in applying the Rule, and to document  
13          compliance, the company should be required to build into its system for call handling a script for  
14          applying and documenting this particular Rule. In this way, compliance will be assured and,  
15          when complaints do arise, the company will be able to document to DPS the steps that were  
16          taken in the case.

17      Q.     What does PSB Rule 3.302 (F) provide?

18      A.     Rule 3.302 (F), the Household Rule, states that "a company shall not disconnect or  
19          refuse service to a customer due to a delinquent bill owed by another person unless the person  
20          owing a delinquent bill, resulting from service to that household, resides in the same household."  
21          The Rule has been subject to much confusion in its application through the years.

22           As the Rule states, the definition of household is connected to the people; not the place.  
23          In order to make a person other than the delinquent account holder responsible for a past due bill  
24          as a condition of receiving service, both persons must have lived together and received service

1 at the time the delinquent bill was incurred.

2 Although the utilities argue that the Rule requires them to provide service that may  
3 benefit persons with delinquent accounts (e.g., when a new person, who was not part of the  
4 definition of "household" when the bill was incurred, moves in and applies for service), it is  
5 equally the case that the household rule allows the company to hold a household (meaning the  
6 people) responsible for a bill *regardless of the dwelling place*. Thus, from a collections  
7 perspective, the provision cuts both ways.

8 Q. Does CVPS comply with the household rule?

9 A. No. The company's tariff conflicts with this Rule (Exhibit DPS-DLF-6, Fourth Revised  
10 Sheet 15.1). The tariff provides that the company may refuse service "in the name of another  
11 resident of the premises if the customer is still a resident of the premises . . ."

12 Q. What action should the Board take in regard to the company's compliance with Rule 3.302  
13 (F)?

14 A. The Board should require the company to amend its tariff to comply with the Rule and  
15 to modify its practice to ensure compliance in the future.

16 Q. What issues have been raised in consumer complaints regarding the application of CVPS  
17 General Service Rate 2?

18 A. The cases in Exhibit DPS-DLF-5 reflect the problems consumers have brought to  
19 DPS's attention with regard to Rate 2. There are two issues:

- 20 1. How consumers get switched from Rate 1, Residential, to Rate 2, General Service; and
- 21 2. What is the threshold is for billing demand charges on Rate 2.

22 Q. Please explain how the switching of consumers from Rate 1 to Rate 2 has arisen in consumer

1 complaints.

2 Rate 2, General Service, is higher than Rate 1, Residential. Also, there is not demand  
3 component of Rate 1, whereas, on rate 2, if peak demand exceeds 5 kW, the consumer is  
4 charged for all kW above the first 5 kW. A person is eligible for Rate 1 if usage is  
5 predominantly "single-phase electric service at secondary voltage for domestic purposes in  
6 private residences, individual apartments and farms." Incidental use for other purposes is  
7 allowed as long as the service meets the criterion of "predominantly" residential.

8 Case 85479 seems to indicate that CV is sometimes arbitrary in how they move  
9 consumers to Rate 2. For example, the case notes reflect that "business signage outside a  
10 location is one signal that a rate 1 might be more properly designed as a rate 2, but that any  
11 means whereby co. [sic] personnel (i.e. meter readers or csrs [sic]) may become aware of a  
12 potential rate class misclassification leads to further investigation by the company" and  
13 "uniformity by is not guaranteed." The result of this process seems to unfairly target people with  
14 home-based businesses in a way that seems to conflict with economic policy that encourages  
15 the growth of this segment of our economy and causes unfairness to individual consumers, as  
16 described by Mr. Keelan, the subject consumer in case number 85479.<sup>8</sup>

17 If the company becomes aware that a consumer is operating a home business, they  
18 may, but don't consistently, put the consumer on Rate 2, and install a demand meter. The  
19 company has no standard means for determining what "predominantly residential usage" means,  
20 and therefore people may be placed on Rate 2, and then move to the demand measurement  
21 somewhat arbitrarily.

22 Q. What action do you recommend the Board take to correct the problem you have identified?

23 Before moving the consumer to Rate 2, the company should be required to provide the

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<sup>8</sup>Mr. Keelan gave permission for release of his name in connection with this case.

1 consumer with the opportunity to demonstrate that he or she is predominantly residential by  
2 means of a Federal Tax return showing that less than 50 percent of the home space is used for  
3 business for purposes, or other reasonable means the consumer may propose.

4 I recognize that space and usage are not necessarily correlated. Thus the company may  
5 have reason to believe that a consumer who uses less than 50 percent of the home for business  
6 purposes still is not "predominantly residential." In such cases, I recommend that, if the  
7 consumer's usage is 1,800 kWh per month, and the consumer is running a business out of any  
8 part of the home, the company should also have right to move the consumer to Rate 2, only  
9 after providing the consumer with the opportunity to show the usage is unrelated to the business  
10 being conducted.

11 Q. What is the problem with the threshold for billing demand charges on Rate 2?

12 A. Currently the company's tariff provides three alternative tests to determine whether  
13 demand should be measured:

- 14 1. consumption exceeds 1,800 kWh for 2 consecutive months
- 15 2. 8kW or more of connected load determined from appliance name plates
- 16 3. 5kW of actual demand as measured by a demand meter

17 The estimation of connected load is problematic because there is no differentiation of  
18 residential and commercial appliances and it assumes all appliances are actually in use. In  
19 addition, 5kW is too low a threshold for charging for demand. For example, three hair dryers  
20 used at once will trigger the 5kW threshold. In fact, typically utilities install 10kW transformers  
21 as a standard for residential service where one transformer serves one house because they  
22 regard 5kW as too low for residential service.

23 Q. What action do you recommend the Board take to address the problem you have identified?

24 A. I recommend that the Board require the company to eliminate estimation as a basis for

1           the decision to measure demand on Rate 2 and rely solely on a consumer reaching 1,800 kWh  
2           of per month for two consecutive months.

3       Q.     Does that conclude your testimony?

4       A.     Yes it does.